

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1374 be amended to read as follows:

- 1 Page 5, between lines 22 and 23, begin a new paragraph and insert:
2 "SECTION 7. IC 6-1.1-21-3 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. (a) On or
4 before March 1 of each year, the state board of tax commissioners shall
5 certify to the department on a form approved by the state board of
6 accounts, an estimate of the total county tax levy collectible in that
7 calendar year for each county in the state. The estimate shall be based
8 on the tax collections for the preceding calendar year, adjusted as
9 necessary to reflect the total county tax levy (as defined in section 2(g)
10 of this chapter) from the budgets, tax levies, and rates as finally
11 determined and acted upon by the state board of tax commissioners.
12 The department, with the assistance of the auditor of state, shall
13 determine on the basis of the report an amount equal to ~~twenty~~
14 **thirty-five** percent (~~20%~~) (**35%**) of the total county tax levy, which is
15 the estimated property tax replacement.
16 (b) In the same report containing the estimate of a county's total
17 county tax levy, the state board of tax commissioners shall also certify
18 the amount of homestead credits provided under IC 6-1.1-20.9 which
19 are allowed by the county for the particular calendar year.
20 (c) If there are one (1) or more taxing districts in the county that
21 contain all or part of an economic development district that meets the
22 requirements of section 5.5 of this chapter, the state board of tax
23 commissioners shall estimate an additional distribution for the county
24 in the same report required under subsection (a). This additional

distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement determined under subsection (a) that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 8. IC 6-1.1-21-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) ~~twenty~~ **thirty-five** percent ~~(20%)~~ **(35%)** of each county's total county tax levy payable that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax

1 replacement fund one-half (1/2) of the estimated distribution for that
 2 year for the county. Between September 1 and December 15 of that
 3 year, the department shall distribute to each county treasurer from the
 4 property tax replacement fund the remaining one-half (1/2) of each
 5 estimated distribution for that year. The amount of the distribution for
 6 each of these periods shall be according to a schedule determined by
 7 the property tax replacement fund board under section 10 of this
 8 chapter. The estimated distribution for each county may be adjusted
 9 from time to time by the department to reflect any changes in the total
 10 county tax levy upon which the estimated distribution is based.

11 (c) On or before December 31 of each year or as soon thereafter as
 12 possible, the department shall make a final determination of the amount
 13 which should be distributed from the property tax replacement fund to
 14 each county for that calendar year. This determination shall be known
 15 as the final determination of distribution. The department shall
 16 distribute to the county treasurer or receive back from the county
 17 treasurer any deficit or excess, as the case may be, between the sum of
 18 the distributions made for that calendar year based on the estimated
 19 distribution and the final determination of distribution. The final
 20 determination of distribution shall be based on the auditor's abstract
 21 filed with the auditor of state, adjusted for postabstract adjustments
 22 included in the December settlement sheet for the year, and such
 23 additional information as the department may require.

24 (d) All distributions provided for in this section shall be made on
 25 warrants issued by the auditor of state drawn on the treasurer of state.
 26 If the amounts allocated by the department from the property tax
 27 replacement fund exceed in the aggregate the balance of money in the
 28 fund, then the amount of the deficiency shall be transferred from the
 29 state general fund to the property tax replacement fund, and the auditor
 30 of state shall issue a warrant to the treasurer of state ordering the
 31 payment of that amount. However, any amount transferred under this
 32 section from the general fund to the property tax replacement fund
 33 shall, as soon as funds are available in the property tax replacement
 34 fund, be retransferred from the property tax replacement fund to the
 35 state general fund, and the auditor of state shall issue a warrant to the
 36 treasurer of state ordering the replacement of that amount.

37 SECTION 9. IC 6-1.1-21-5 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 5. (a) Each year
 39 the taxpayers of each county shall receive a credit for property tax
 40 replacement in the amount of ~~twenty~~ **thirty-five** percent ~~(20%)~~ **(35%)**
 41 of the tax liability (as defined in this section) of each taxpayer for taxes
 42 which under IC 6-1.1-22-9 are due and payable in May and November
 43 of that year. The credit shall be applied to each installment of taxes.
 44 The dollar amount of the credit for each taxpayer shall be determined
 45 by the county auditor, based on data furnished by the state board of tax
 46 commissioners. The tax liability of a taxpayer for the purpose of

computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), or 2(g)(1)(J) of this chapter in computing the total county tax levy.

(b) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of the taxes payable with respect to the assessments plus the adjustments stated in this section.

(c) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

- (1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by
- (2) the taxpayer's property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 10. IC 6-1.1-39-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. (a) An economic development district may be enlarged by the fiscal body by following the same procedure for the creation of an economic development district specified in this chapter. Property taxes that are attributable to the additional area and allocable to the economic development district are not eligible for the property tax replacement credit provided by IC 6-1.1-21-5. However, subject to subsection (c), each taxpayer in an additional area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is attributable to the taxing district.

1 STEP TWO: Divide:

2 (A) that part of ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of the
3 county's total county tax levy payable that year as determined
4 under IC 6-1.1-21-4 that is attributable to the taxing district;
5 by

6 (B) the STEP ONE sum.

7 STEP THREE: Multiply:

8 (A) the STEP TWO quotient; times

9 (B) the total amount of the taxpayer's property taxes levied in
10 the taxing district that would have been allocated to a special
11 fund under section 5 of this chapter had the additional credit
12 described in this section not been given.

13 The additional credit reduces the amount of proceeds allocated to the
14 economic development district and paid into a special fund under
15 section 5(a) of this chapter.

16 (b) If the additional credit under subsection (a) is not reduced under
17 subsection (c) or (d), the credit for property tax replacement under
18 IC 6-1.1-21-5 and the additional credit under subsection (a) shall be
19 computed on an aggregate basis for all taxpayers in a taxing district
20 that contains all or part of an additional area. The credit for property
21 tax replacement under IC 6-1.1-21-5 and the additional credit under
22 subsection (a) shall be combined on the tax statements sent to each
23 taxpayer.

24 (c) The county fiscal body may, by ordinance, provide that the
25 additional credit described in subsection (a):

26 (1) does not apply in a specified additional area; or

27 (2) is to be reduced by a uniform percentage for all taxpayers in
28 a specified additional area.

29 (d) Whenever the county fiscal body determines that granting the
30 full additional credit under subsection (a) would adversely affect the
31 interests of the holders of bonds or other contractual obligations that
32 are payable from allocated tax proceeds in that economic development
33 district in a way that would create a reasonable expectation that those
34 bonds or other contractual obligations would not be paid when due, the
35 county fiscal body must adopt an ordinance under subsection (c) to
36 deny the additional credit or reduce the additional credit to a level that
37 creates a reasonable expectation that the bonds or other obligations will
38 be paid when due. An ordinance adopted under subsection (c) denies
39 or reduces the additional credit for property taxes first due and payable
40 in any year following the year in which the ordinance is adopted.

41 (e) An ordinance adopted under subsection (c) remains in effect
42 until the ordinance is rescinded by the body that originally adopted the
43 ordinance. However, an ordinance may not be rescinded if the
44 rescission would adversely affect the interests of the holders of bonds
45 or other obligations that are payable from allocated tax proceeds in that
46 economic development district in a way that would create a reasonable

1 expectation that the principal of or interest on the bonds or other
 2 obligations would not be paid when due. If an ordinance is rescinded
 3 and no other ordinance is adopted, the additional credit described in
 4 subsection (a) applies to property taxes first due and payable in each
 5 year following the year in which the resolution is rescinded."

6 Page 70, after line 42, begin a new paragraph and insert:

7 "SECTION 95. IC 36-7-14-39 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 39. (a) As used
 9 in this section:

10 "Allocation area" means that part of a blighted area to which an
 11 allocation provision of a declaratory resolution adopted under section
 12 15 of this chapter refers for purposes of distribution and allocation of
 13 property taxes.

14 "Base assessed value" means the following:

15 (1) If an allocation provision is adopted after June 30, 1995, in a
 16 declaratory resolution or an amendment to a declaratory
 17 resolution establishing an economic development area:

18 (A) the net assessed value of all the property as finally
 19 determined for the assessment date immediately preceding the
 20 effective date of the allocation provision of the declaratory
 21 resolution, as adjusted under subsection (h); plus

22 (B) to the extent that it is not included in clause (A), the net
 23 assessed value of property that is assessed as residential
 24 property under the rules of the state board of tax
 25 commissioners, as finally determined for any assessment date
 26 after the effective date of the allocation provision.

27 (2) If an allocation provision is adopted after June 30, 1997, in a
 28 declaratory resolution or an amendment to a declaratory
 29 resolution establishing a blighted area:

30 (A) the net assessed value of all the property as finally
 31 determined for the assessment date immediately preceding the
 32 effective date of the allocation provision of the declaratory
 33 resolution, as adjusted under subsection (h); plus

34 (B) to the extent that it is not included in clause (A), the net
 35 assessed value of property that is assessed as residential
 36 property under the rules of the state board of tax
 37 commissioners, as finally determined for any assessment date
 38 after the effective date of the allocation provision.

39 (3) If:

40 (A) an allocation provision adopted before June 30, 1995, in
 41 a declaratory resolution or an amendment to a declaratory
 42 resolution establishing a blighted area expires after June 30,
 43 1997; and

44 (B) after June 30, 1997, a new allocation provision is included
 45 in an amendment to the declaratory resolution;

46 the net assessed value of all the property as finally determined for

the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation

1 provision must require that any property taxes subsequently levied by
 2 or for the benefit of any public body entitled to a distribution of
 3 property taxes on taxable property in the allocation area be allocated
 4 and distributed as follows:

5 (1) Except as otherwise provided in this section, the proceeds of
 6 the taxes attributable to the lesser of:

7 (A) the assessed value of the property for the assessment date
 8 with respect to which the allocation and distribution is made;
 9 or

10 (B) the base assessed value;

11 shall be allocated to and, when collected, paid into the funds of
 12 the respective taxing units.

13 (2) Except as otherwise provided in this section, property tax
 14 proceeds in excess of those described in subdivision (1) shall be
 15 allocated to the redevelopment district and, when collected, paid
 16 into an allocation fund for that allocation area that may be used by
 17 the redevelopment district only to do one (1) or more of the
 18 following:

19 (A) Pay the principal of and interest on any obligations
 20 payable solely from allocated tax proceeds which are incurred
 21 by the redevelopment district for the purpose of financing or
 22 refinancing the redevelopment of that allocation area.

23 (B) Establish, augment, or restore the debt service reserve for
 24 bonds payable solely or in part from allocated tax proceeds in
 25 that allocation area.

26 (C) Pay the principal of and interest on bonds payable from
 27 allocated tax proceeds in that allocation area and from the
 28 special tax levied under section 27 of this chapter.

29 (D) Pay the principal of and interest on bonds issued by the
 30 unit to pay for local public improvements in or serving that
 31 allocation area.

32 (E) Pay premiums on the redemption before maturity of bonds
 33 payable solely or in part from allocated tax proceeds in that
 34 allocation area.

35 (F) Make payments on leases payable from allocated tax
 36 proceeds in that allocation area under section 25.2 of this
 37 chapter.

38 (G) Reimburse the unit for expenditures made by it for local
 39 public improvements (which include buildings, parking
 40 facilities, and other items described in section 25.1(a) of this
 41 chapter) in or serving that allocation area.

42 (H) Reimburse the unit for rentals paid by it for a building or
 43 parking facility in or serving that allocation area under any
 44 lease entered into under IC 36-1-10.

45 (I) Pay all or a portion of a property tax replacement credit to
 46 taxpayers in an allocation area as determined by the

1 redevelopment commission. This credit equals the amount
 2 determined under the following STEPS for each taxpayer in a
 3 taxing district (as defined in IC 6-1.1-1-20) that contains all or
 4 part of the allocation area:

5 STEP ONE: Determine that part of the sum of the amounts
 6 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 7 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 8 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

9 STEP TWO: Divide:

10 (A) that part of ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of
 11 each county's total county tax levy payable that year as
 12 determined under IC 6-1.1-21-4 that is attributable to the
 13 taxing district; by

14 (B) the STEP ONE sum.

15 STEP THREE: Multiply:

16 (A) the STEP TWO quotient; times

17 (B) the total amount of the taxpayer's property taxes levied
 18 in the taxing district that have been allocated during that
 19 year to an allocation fund under this section.

20 If not all the taxpayers in an allocation area receive the credit
 21 in full, each taxpayer in the allocation area is entitled to
 22 receive the same proportion of the credit. A taxpayer may not
 23 receive a credit under this section and a credit under section
 24 39.5 of this chapter in the same year.

25 (J) Pay expenses incurred by the redevelopment commission
 26 for local public improvements that are in the allocation area or
 27 serving the allocation area. Public improvements include
 28 buildings, parking facilities, and other items described in
 29 section 25.1(a) of this chapter.

30 (K) Reimburse public and private entities for expenses
 31 incurred in training employees of industrial facilities that are
 32 located:

33 (i) in the allocation area; and

34 (ii) on a parcel of real property that has been classified as
 35 industrial property under the rules of the state board of tax
 36 commissioners.

37 However, the total amount of money spent for this purpose in
 38 any year may not exceed the total amount of money in the
 39 allocation fund that is attributable to property taxes paid by the
 40 industrial facilities described in this clause. The
 41 reimbursements under this clause must be made within three
 42 (3) years after the date on which the investments that are the
 43 basis for the increment financing are made.

44 The allocation fund may not be used for operating expenses of the
 45 commission.

46 (3) Except as provided in subsection (g), before July 15 of each

1 year the commission shall do the following:

2 (A) Determine the amount, if any, by which the base assessed
3 value when multiplied by the estimated tax rate of the
4 allocation area will exceed the amount of assessed value
5 needed to produce the property taxes necessary to make, when
6 due, principal and interest payments on bonds described in
7 subdivision (2) plus the amount necessary for other purposes
8 described in subdivision (2).

9 (B) Notify the county auditor of the amount, if any, of the
10 amount of excess assessed value that the commission has
11 determined may be allocated to the respective taxing units in
12 the manner prescribed in subdivision (1). The commission
13 may not authorize an allocation of assessed value to the
14 respective taxing units under this subdivision if to do so would
15 endanger the interests of the holders of bonds described in
16 subdivision (2) or lessors under section 25.3 of this chapter.

17 (c) For the purpose of allocating taxes levied by or for any taxing
18 unit or units, the assessed value of taxable property in a territory in the
19 allocation area that is annexed by any taxing unit after the effective
20 date of the allocation provision of the declaratory resolution is the
21 lesser of:

- 22 (1) the assessed value of the property for the assessment date with
23 respect to which the allocation and distribution is made; or
24 (2) the base assessed value.

25 (d) Property tax proceeds allocable to the redevelopment district
26 under subsection (b)(2) may, subject to subsection (b)(3), be
27 irrevocably pledged by the redevelopment district for payment as set
28 forth in subsection (b)(2).

29 (e) Notwithstanding any other law, each assessor shall, upon
30 petition of the redevelopment commission, reassess the taxable
31 property situated upon or in, or added to, the allocation area, effective
32 on the next assessment date after the petition.

33 (f) Notwithstanding any other law, the assessed value of all taxable
34 property in the allocation area, for purposes of tax limitation, property
35 tax replacement, and formulation of the budget, tax rate, and tax levy
36 for each political subdivision in which the property is located is the
37 lesser of:

- 38 (1) the assessed value of the property as valued without regard to
39 this section; or
40 (2) the base assessed value.

41 (g) If any part of the allocation area is located in an enterprise zone
42 created under IC 4-4-6.1, the unit that designated the allocation area
43 shall create funds as specified in this subsection. A unit that has
44 obligations, bonds, or leases payable from allocated tax proceeds under
45 subsection (b)(2) shall establish an allocation fund for the purposes
46 specified in subsection (b)(2) and a special zone fund. Such a unit

1 shall, until the end of the enterprise zone phase out period, deposit each
 2 year in the special zone fund any amount in the allocation fund derived
 3 from property tax proceeds in excess of those described in subsection
 4 (b)(1) from property located in the enterprise zone that exceeds the
 5 amount sufficient for the purposes specified in subsection (b)(2) for the
 6 year. The amount sufficient for purposes specified in subsection (b)(2)
 7 for the year shall be determined based on the pro rata portion of such
 8 current property tax proceeds from the portion of the enterprise zone
 9 that is within the allocation area as compared to all such current
 10 property tax proceeds derived from the allocation area. A unit that has
 11 no obligations, bonds, or leases payable from allocated tax proceeds
 12 under subsection (b)(2) shall establish a special zone fund and deposit
 13 all the property tax proceeds in excess of those described in subsection
 14 (b)(1) in the fund derived from property tax proceeds in excess of those
 15 described in subsection (b)(1) from property located in the enterprise
 16 zone. The unit that creates the special zone fund shall use the fund
 17 (based on the recommendations of the urban enterprise association) for
 18 programs in job training, job enrichment, and basic skill development
 19 that are designed to benefit residents and employers in the enterprise
 20 zone or other purposes specified in subsection (b)(2), except that where
 21 reference is made in subsection (b)(2) to allocation area it shall refer
 22 for purposes of payments from the special zone fund only to that
 23 portion of the allocation area that is also located in the enterprise zone.
 24 Those programs shall reserve at least one-half (1/2) of their enrollment
 25 in any session for residents of the enterprise zone.

26 (h) The state board of accounts and state board of tax
 27 commissioners shall make the rules and prescribe the forms and
 28 procedures that they consider expedient for the implementation of this
 29 chapter. After each general reassessment under IC 6-1.1-4, the state
 30 board of tax commissioners shall adjust the base assessed value one (1)
 31 time to neutralize any effect of the general reassessment on the
 32 property tax proceeds allocated to the redevelopment district under this
 33 section. However, the adjustment may not include the effect of property
 34 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 35 produce less property tax proceeds allocable to the redevelopment
 36 district under subsection (b)(2) than would otherwise have been
 37 received if the general reassessment had not occurred. The state board
 38 of tax commissioners may prescribe procedures for county and
 39 township officials to follow to assist the state board in making the
 40 adjustments.

41 SECTION 96. IC 36-7-14-39.5 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 39.5. (a) As used
 43 in this section, "allocation area" has the meaning set forth in section 39
 44 of this chapter.

45 (b) As used in this section, "taxing district" has the meaning set
 46 forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 39 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into an allocation fund under section 39(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other

contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until it is rescinded by the body that originally adopted it. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 97. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may create an economic development area:

- (1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a redevelopment commission; and
- (2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

- (1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.
- (2) Hold, use, sell (by conveyance by deed, land sale contract, or

1 other instrument), exchange, lease, rent, or otherwise dispose of
2 property acquired for use in the redevelopment of economic
3 development areas on the terms and conditions that the authority
4 considers best for the unit and the unit's inhabitants.

5 (3) Sell, lease, or grant interests in all or part of the real property
6 acquired for redevelopment purposes to any other department of
7 the unit or to any other governmental agency for public ways,
8 levees, sewerage, parks, playgrounds, schools, and other public
9 purposes on any terms that may be agreed on.

10 (4) Clear real property acquired for redevelopment purposes.

11 (5) Repair and maintain structures acquired for redevelopment
12 purposes.

13 (6) Remodel, rebuild, enlarge, or make major structural
14 improvements on structures acquired for redevelopment purposes.

15 (7) Survey or examine any land to determine whether the land
16 should be included within an economic development area to be
17 acquired for redevelopment purposes and to determine the value
18 of that land.

19 (8) Appear before any other department or agency of the unit, or
20 before any other governmental agency in respect to any matter
21 affecting:

22 (A) real property acquired or being acquired for
23 redevelopment purposes; or

24 (B) any economic development area within the jurisdiction of
25 the authority.

26 (9) Institute or defend in the name of the unit any civil action, but
27 all actions against the authority must be brought in the circuit or
28 superior court of the county where the authority is located.

29 (10) Use any legal or equitable remedy that is necessary or
30 considered proper to protect and enforce the rights of and perform
31 the duties of the authority.

32 (11) Exercise the power of eminent domain in the name of and
33 within the corporate boundaries of the unit subject to the same
34 conditions and procedures that apply to the exercise of the power
35 of eminent domain by a redevelopment commission under
36 IC 36-7-14.

37 (12) Appoint an executive director, appraisers, real estate experts,
38 engineers, architects, surveyors, and attorneys.

39 (13) Appoint clerks, guards, laborers, and other employees the
40 authority considers advisable, except that those appointments
41 must be made in accordance with the merit system of the unit if
42 such a system exists.

43 (14) Prescribe the duties and regulate the compensation of
44 employees of the authority.

45 (15) Provide a pension and retirement system for employees of
46 the authority by using the public employees' retirement fund or a

1 retirement plan approved by the United States Department of
2 Housing and Urban Development.

3 (16) Discharge and appoint successors to employees of the
4 authority subject to subdivision (13).

5 (17) Rent offices for use of the department or authority, or accept
6 the use of offices furnished by the unit.

7 (18) Equip the offices of the authority with the necessary
8 furniture, furnishings, equipment, records, and supplies.

9 (19) Design, order, contract for, and construct, reconstruct,
10 improve, or renovate the following:

11 (A) Any local public improvement or structure that is
12 necessary for redevelopment purposes or economic
13 development within the corporate boundaries of the unit.

14 (B) Any structure that enhances development or economic
15 development.

16 (20) Contract for the construction, extension, or improvement of
17 pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

18 (21) Accept loans, grants, and other forms of financial assistance
19 from, or contract with, the federal government, the state
20 government, a municipal corporation, a special taxing district, a
21 foundation, or any other source.

22 (22) Make and enter into all contracts and agreements necessary
23 or incidental to the performance of the duties of the authority and
24 the execution of the powers of the authority under this chapter.

25 (23) Take any action necessary to implement the purpose of the
26 authority.

27 (24) Provide financial assistance, in the manner that best serves
28 the purposes set forth in section 11(b) of this chapter, including
29 grants and loans, to enable private enterprise to develop,
30 redevelop, and reuse military base property or otherwise enable
31 private enterprise to provide social and economic benefits to the
32 citizens of the unit.

33 (d) An authority may designate all or a portion of an economic
34 development area created under this section as an allocation area by
35 following the procedures set forth in IC 36-7-14-39 for the
36 establishment of an allocation area by a redevelopment commission.
37 The allocation provision may modify the definition of "property taxes"
38 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the
39 depreciable personal property located and taxable on the site of
40 operations of designated taxpayers in accordance with the procedures
41 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
42 applies to such a modification. An allocation area established by an
43 authority under this section is a special taxing district authorized by the
44 general assembly to enable the unit to provide special benefits to
45 taxpayers in the allocation area by promoting economic development
46 that is of public use and benefit. For allocation areas established for an

economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefitting that allocation area.

(2) Establish, augment, or restore the debt service reserve for obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefitting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefiting the allocation area.

(7) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made. The allocation fund may not be used for operating expenses of the authority.

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

(1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.

(3) The bonds are exempt from taxation for all purposes.

(4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses (A)

1 and (B).

2 (6) Proceeds from the sale of bonds may be used to pay the cost
3 of interest on the bonds for a period not to exceed five (5) years
4 from the date of issuance.

5 (7) Laws relating to the filing of petitions requesting the issuance
6 of bonds and the right of taxpayers to remonstrate against the
7 issuance of bonds do not apply to bonds issued under this section.

8 (8) If a debt service reserve is created from the proceeds of bonds,
9 the debt service reserve may be used to pay principal and interest
10 on the bonds as provided in the bond resolution.

11 (9) If bonds are issued under this chapter that are payable solely
12 or in part from revenues to the authority from a project or
13 projects, the authority may adopt a resolution or trust indenture or
14 enter into covenants as is customary in the issuance of revenue
15 bonds. The resolution or trust indenture may pledge or assign the
16 revenues from the project or projects. The resolution or trust
17 indenture may also contain any provisions for protecting and
18 enforcing the rights and remedies of the bond owners as may be
19 reasonable and proper and not in violation of law, including
20 covenants setting forth the duties of the authority. The authority
21 may establish fees and charges for the use of any project and
22 covenant with the owners of any bonds to set those fees and
23 charges at a rate sufficient to protect the interest of the owners of
24 the bonds. Any revenue bonds issued by the authority that are
25 payable solely from revenues of the authority shall contain a
26 statement to that effect in the form of bond.

27 (f) Notwithstanding section 8(a) of this chapter, an ordinance
28 adopted under section 11(b) of this chapter may provide, or be
29 amended to provide, that the board of directors of the authority shall be
30 composed of not fewer than three (3) nor more than seven (7)
31 members, who must be residents of the unit appointed by the executive
32 of the unit.

33 (g) The acquisition of real and personal property by an authority
34 under this section is not subject to the provisions of IC 5-22,
35 IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the
36 purchase of property by public bodies or their agencies.

37 (h) An authority may negotiate for the sale, lease, or other
38 disposition of real and personal property without complying with the
39 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other
40 statute governing the disposition of public property.

41 (i) Notwithstanding any other law, utility services provided within
42 an economic development area established under this section are
43 subject to regulation by the appropriate regulatory agencies unless the
44 utility service is provided by a utility that provides utility service solely
45 within the geographic boundaries of an existing or a closed military
46 installation, in which case the utility service is not subject to regulation

for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

SECTION 98. IC 36-7-15.1-26.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 26.5. (a) As used in this section, "adverse determination" means a determination by the fiscal officer of the consolidated city that the granting of credits described in subsection (g) or (h) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(b) As used in this section, "allocation area" has the meaning set forth in section 26 of this chapter.

(c) As used in this section, "special fund" refers to the special fund into which property taxes are paid under section 26 of this chapter.

(d) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(e) Except as provided in subsections (g), (h), and (i), each taxpayer in an allocation area is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be

computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i) shall be combined on the tax statements sent to each taxpayer.

(g) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method provided in subsection (e) may be granted under this subsection. The credit provided under this subsection is first applicable for the allocation area for property taxes first due and payable in 1992. The following apply to the determination of the credit provided under this subsection:

(1) Before June 15 of each year, the fiscal officer of the consolidated city shall determine and certify the following:

(A) All amounts due in the following year to the owners of outstanding bonds payable from the allocation area special fund.

(B) All amounts that are:

(i) required under contracts with bond holders; and

(ii) payable from the allocation area special fund to fund accounts and reserves.

(C) An estimate of the amount of personal property taxes available to be paid into the allocation area special fund under section 26.9(c) of this chapter.

(D) An estimate of the aggregate amount of credits to be granted if full credits are granted.

(2) Before June 15 of each year, the fiscal officer of the consolidated city shall determine if the granting of the full amount of credits in the following year would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(3) If the fiscal officer of the consolidated city determines under subdivision (2) that there would not be an impairment or adverse effect:

(A) the fiscal officer of the consolidated city shall certify the determination; and

(B) the full credits shall be applied in the following year, subject to the determinations and certifications made under section 26.7(b) of this chapter.

(4) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (2), the fiscal officer of the consolidated city shall determine whether there is an amount of partial credits that, if granted in the following year, would not result in the impairment or adverse effect. If the fiscal officer determines that there is an amount of partial credits that would

not result in the impairment or adverse effect, the fiscal officer shall do the following:

(A) Determine the amount of the partial credits.

(B) Certify that determination.

(5) If the fiscal officer of the consolidated city certifies under subdivision (4) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers in the following year.

(6) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid in the following year; or

(ii) only partial credits may be paid in the following year.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15 of whether full or partial credits are payable under this subsection.

(7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.

(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) of this subsection may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

(5) If the fiscal officer of the consolidated city determines that there would not be an impairment or adverse effect under subdivision (4):

(A) the fiscal officer shall certify that determination; and

(B) the full credits shall be applied against 1991 taxes payable in 1992 or the amount of the credits shall be paid to the taxpayers as provided in subdivision (12), subject to the determinations and certifications made under section 26.7(b) of this chapter.

(6) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (4), the fiscal officer shall determine whether there is an amount of partial credits for 1990 taxes payable in 1991 that, if granted against 1991 taxes payable in 1992 in addition to granting of the credits under subsection (g), would not result in the impairment or adverse effect.

(7) If the fiscal officer of the consolidated city determines under subdivision (6) that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall determine the amount of partial credits and certify that determination.

(8) If the fiscal officer of the consolidated city certifies under subdivision (7) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers against 1991 taxes payable in 1992.

(9) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid for 1990 taxes payable in 1991; or

(ii) only partial credits may be paid for 1990 taxes payable in 1991.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15, 1991, of whether credits are payable under this subsection.

(10) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination. Any such appeal shall be decided by the court within sixty (60) days.

(11) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether credits are payable under this subsection must be filed by July 15, 1991. Any such appeal shall be decided by the court within sixty (60) days.

(12) If 1991 taxes payable in 1992 with respect to a parcel are billed to the same taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall apply to the tax bill for 1991 taxes payable in 1992 both the credit provided under subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

- 1 (A) the amount of the quotient determined under STEP TWO
- 2 of subsection (e) for the prior year; multiplied by
- 3 (B) the total amount of the property taxes paid by the taxpayer
- 4 that were allocated in the prior year to the allocation area
- 5 special fund under section 26 of this chapter.
- 6 (3) Before January 31, 1992, the county auditor shall determine
- 7 the amount of credits under subdivision (2) with respect to each
- 8 parcel in the allocation area for all prior years with respect to
- 9 which:
 - 10 (A) taxes were billed to the same taxpayer for taxes payable in
 - 11 each year from 1987 through 1991; or
 - 12 (B) an application was filed by November 30, 1991, under
 - 13 subdivision (8) for refund of the credits for prior years.
- 14 A report of the determination by parcel shall be sent by the county
- 15 auditor to the state board of tax commissioners and the budget
- 16 agency within five (5) days of such determination.
- 17 (4) Before January 31, 1992, the county auditor shall determine
- 18 the quotient of the amounts determined under subdivision (3) with
- 19 respect to each parcel divided by six (6).
- 20 (5) Before January 31, 1992, the county auditor shall determine
- 21 the quotient of the aggregate amounts determined under
- 22 subdivision (3) with respect to all parcels divided by twelve (12).
- 23 (6) Except as provided in subdivisions (7) and (9), in each year in
- 24 which credits from prior years remain unpaid, credits for the prior
- 25 years in the amounts determined under subdivision (4) shall be
- 26 applied as provided in this subsection.
- 27 (7) If taxes payable in the current year with respect to a parcel are
- 28 billed to the same taxpayer to which taxes payable in all of the
- 29 prior years were billed and if the amount determined under
- 30 subdivision (3) with respect to the parcel is at least five hundred
- 31 dollars (\$500), the county treasurer shall apply the credits
- 32 provided for the current year under subsections (g) and (h) and
- 33 the credit in the amount determined under subdivision (4) to the
- 34 tax bill for taxes payable in the current year. However, if the
- 35 amount determined under subdivision (3) with respect to the
- 36 parcel is less than five hundred dollars (\$500) (referred to in this
- 37 subdivision as "small claims"), the county may, at the election of
- 38 the county auditor, either apply a credit in the amount determined
- 39 under subdivision (3) or subdivision (4) to the tax bill for taxes
- 40 payable in the current year or pay either amount to the taxpayer.
- 41 If title to a parcel transfers in a year in which a credit under this
- 42 subsection is applied to the tax bill, the transferor may file an
- 43 application with the county auditor within thirty (30) days of the
- 44 date of the transfer of title to the parcel for payments to the
- 45 transferor at the same times and in the same amounts that would
- 46 have been allowed as credits to the transferor under this

subsection if there had not been a transfer. If a determination is made by the county auditor to refund or credit small claims in the amounts determined under subdivision (3) in 1992, the county auditor may make appropriate adjustments to the credits applied with respect to other parcels so that the total refunds and credits in any year will not exceed the payments made from the state property tax replacement fund to the prior year credit fund referred to in subdivision (11) in that year.

(8) If taxes payable in the current year with respect to a parcel are billed to a taxpayer that is not a taxpayer to which taxes payable in all of the prior years were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (h) to the tax bill for taxes payable in the current year.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit.

A taxpayer entitled to the credit must file an application for refund of the credit with the county auditor not later than November 30, 1991. A refund shall be paid to an eligible applicant by May 10, 1992.

(9) A taxpayer who filed an application by November 30, 1991, is entitled to payment from the county treasurer under subdivision (8) in an amount that is in the same proportion to the credit determined under subdivision (3) with respect to a parcel as the amount of taxes payable in the prior years paid by the taxpayer with respect to the parcel bears to the taxes payable in the prior years with respect to the parcel.

(10) In each year on May 1 and November 1, the state shall pay to the county treasurer from the state property tax replacement fund the amount determined under subdivision (5).

(11) All payments received from the state under subdivision (10) shall be deposited into a special fund to be known as the prior year credit fund. The prior year credit fund shall be used to make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year thereafter, the county auditor shall send to the state board of tax commissioners and the budget agency a report of the receipts,

1 earnings, and disbursements of the prior year credit fund for the
 2 prior calendar year. If in the final year that credits under **this**
 3 subsection (~~it~~) are allowed any balance remains in the prior year
 4 credit fund after the payment of all credits payable under this
 5 subsection, such balance shall be repaid to the treasurer of state
 6 for deposit in the property tax replacement fund.

7 (14) In each year, the county shall limit the total of all refunds and
 8 credits provided for in this subsection to the total amount paid in
 9 that year from the property tax replacement fund into the prior
 10 year credit fund and any balance remaining from the preceding
 11 year in the prior year credit fund.

12 SECTION 99. IC 36-7-30-25 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 25. (a) The
 14 following definitions apply throughout this section:

15 (1) "Allocation area" means that part of a military base reuse area
 16 to which an allocation provision of a declaratory resolution
 17 adopted under section 10 of this chapter refers for purposes of
 18 distribution and allocation of property taxes.

19 (2) "Base assessed value" means:

20 (A) the net assessed value of all the property as finally
 21 determined for the assessment date immediately preceding the
 22 adoption date of the allocation provision of the declaratory
 23 resolution, as adjusted under subsection (h); plus

24 (B) to the extent that it is not included in clause (A) or (C), the
 25 net assessed value of any and all parcels or classes of parcels
 26 identified as part of the base assessed value in the declaratory
 27 resolution or an amendment thereto, as finally determined for
 28 any subsequent assessment date; plus

29 (C) to the extent that it is not included in clause (A) or (B), the
 30 net assessed value of property that is assessed as residential
 31 property under the rules of the state board of tax
 32 commissioners, as finally determined for any assessment date
 33 after the effective date of the allocation provision.

34 Clause (C) applies only to allocation areas established in a
 35 military reuse area after June 30, 1997, and to the portion of an
 36 allocation area that was established before June 30, 1997, and that
 37 is added to an existing allocation area after June 30, 1997.

38 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
 39 property.

40 (b) A declaratory resolution adopted under section 10 of this chapter
 41 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
 42 resolutions adopted under IC 36-7-14-15 may include a provision with
 43 respect to the allocation and distribution of property taxes for the
 44 purposes and in the manner provided in this section. A declaratory
 45 resolution previously adopted may include an allocation provision by
 46 the amendment of that declaratory resolution in accordance with the

procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of the ~~twenty~~ **thirty-five** percent ~~(20%)~~ **(35%)**

of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter in the same year.

(F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation area or directly serving or benefiting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The reuse authority may not authorize a payment to the respective taxing units under

- 1 this subdivision if to do so would endanger the interest of the
 2 holders of bonds described in subdivision (2) or lessors under
 3 section 19 of this chapter. Property taxes received by a taxing
 4 unit under this subdivision are eligible for the property tax
 5 replacement credit provided under IC 6-1.1-21.
- 6 (c) For the purpose of allocating taxes levied by or for any taxing
 7 unit or units, the assessed value of taxable property in a territory in the
 8 allocation area that is annexed by a taxing unit after the effective date
 9 of the allocation provision of the declaratory resolution is the lesser of:
 10 (1) the assessed value of the property for the assessment date with
 11 respect to which the allocation and distribution is made; or
 12 (2) the base assessed value.
- 13 (d) Property tax proceeds allocable to the military base reuse district
 14 under subsection (b)(2) may, subject to subsection (b)(3), be
 15 irrevocably pledged by the military base reuse district for payment as
 16 set forth in subsection (b)(2).
- 17 (e) Notwithstanding any other law, each assessor shall, upon
 18 petition of the reuse authority, reassess the taxable property situated
 19 upon or in or added to the allocation area, effective on the next
 20 assessment date after the petition.
- 21 (f) Notwithstanding any other law, the assessed value of all taxable
 22 property in the allocation area, for purposes of tax limitation, property
 23 tax replacement, and the making of the budget, tax rate, and tax levy
 24 for each political subdivision in which the property is located is the
 25 lesser of:
 26 (1) the assessed value of the property as valued without regard to
 27 this section; or
 28 (2) the base assessed value.
- 29 (g) If any part of the allocation area is located in an enterprise zone
 30 created under IC 4-4-6.1, the unit that designated the allocation area
 31 shall create funds as specified in this subsection. A unit that has
 32 obligations, bonds, or leases payable from allocated tax proceeds under
 33 subsection (b)(2) shall establish an allocation fund for the purposes
 34 specified in subsection (b)(2) and a special zone fund. Such a unit
 35 shall, until the end of the enterprise zone phase out period, deposit each
 36 year in the special zone fund any amount in the allocation fund derived
 37 from property tax proceeds in excess of those described in subsection
 38 (b)(1) from property located in the enterprise zone that exceeds the
 39 amount sufficient for the purposes specified in subsection (b)(2) for the
 40 year. The amount sufficient for purposes specified in subsection (b)(2)
 41 for the year shall be determined based on the pro rata part of such
 42 current property tax proceeds from the part of the enterprise zone that
 43 is within the allocation area as compared to all such current property
 44 tax proceeds derived from the allocation area. A unit that does not have
 45 obligations, bonds, or leases payable from allocated tax proceeds under
 46 subsection (b)(2) shall establish a special zone fund and deposit all the

property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 100. IC 36-7-30-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 27. (a) As used in this section, "allocation area" has the meaning set forth in section 25 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **thirty-five** percent (~~20%~~) (**35%**) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

1 (B) the STEP ONE sum.

2 STEP THREE: Multiply:

3 (A) the STEP TWO quotient; times

4 (B) the total amount of the taxpayer's property taxes levied in
5 the taxing district that would have been allocated to an
6 allocation fund under section 25 of this chapter had the
7 additional credit described in this section not been given.

8 The additional credit reduces the amount of proceeds allocated to the
9 military base reuse district and paid into an allocation fund under
10 section 25(b)(2) of this chapter.

11 (d) If the additional credit under subsection (c) is not reduced under
12 subsection (e) or (f), the credit for property tax replacement under
13 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
14 computed on an aggregate basis for all taxpayers in a taxing district
15 that contains all or part of an allocation area. The credit for property tax
16 replacement under IC 6-1.1-21-5 and the additional credit under
17 subsection (c) shall be combined on the tax statements sent to each
18 taxpayer.

19 (e) Upon the recommendation of the reuse authority, the municipal
20 legislative body (in the case of a reuse authority established by a
21 municipality) or the county executive (in the case of a reuse authority
22 established by a county) may by resolution provide that the additional
23 credit described in subsection (c):

24 (1) does not apply in a specified allocation area; or

25 (2) is to be reduced by a uniform percentage for all taxpayers in
26 a specified allocation area.

27 (f) If the municipal legislative body or county executive determines
28 that granting the full additional credit under subsection (c) would
29 adversely affect the interests of the holders of bonds or other
30 contractual obligations that are payable from allocated tax proceeds in
31 that allocation area in a way that would create a reasonable expectation
32 that those bonds or other contractual obligations would not be paid
33 when due, the municipal legislative body or county executive must
34 adopt a resolution under subsection (e) to deny the additional credit or
35 reduce the credit to a level that creates a reasonable expectation that
36 the bonds or other obligations will be paid when due. A resolution
37 adopted under subsection (e) denies or reduces the additional credit for
38 property taxes first due and payable in the allocation area in any year
39 following the year in which the resolution is adopted.

40 (g) A resolution adopted under subsection (e) remains in effect until
41 rescinded by the body that originally adopted the resolution. However,
42 a resolution may not be rescinded if the rescission would adversely
43 affect the interests of the holders of bonds or other obligations that are
44 payable from allocated tax proceeds in that allocation area in a way that
45 would create a reasonable expectation that the principal of or interest
46 on the bonds or other obligations would not be paid when due. If a

1 resolution is rescinded and no other resolution is adopted, the
2 additional credit described in subsection (c) applies to property taxes
3 first due and payable in the allocation area in each year following the
4 year in which the resolution is rescinded."

5 Page 71, between lines 18 and 19, begin a new paragraph and insert:
6 "SECTION 107. [EFFECTIVE JANUARY 1, 2003] **IC 6-1.1-21-3,**
7 **IC 6-1.1-21-4, IC 6-1.1-21-5, IC 6-1.1-39-6, IC 36-7-14-39,**
8 **IC 36-7-14-39.5, IC 36-7-14.5-12.5, IC 36-7-15.1-26.5,**
9 **IC 36-7-30-25, and IC 36-7-30-27, all as amended by this act, apply**
10 **only to property taxes first due and payable after December 31,**
11 **2002."**

12 Renumber all SECTIONS consecutively.

(Reference is to HB 1374 as printed January 27, 2000.)

Representative Espich